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Operating as Casinos Regina & Moose Jaw

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Corporate Overview

- SGC is a Treasury Board Crown Corporation that was established in 1994 to operate casino gaming on behalf of the province and currently operates Casino Regina and Casino Moose Jaw.

- The Corporation is responsible to the Saskatchewan Government through a Board of Directors appointed by Cabinet. The Board of Directors is comprised of seven members, three of whom are nominated by the Federation of Saskatchewan Indian Nations (FSIN).

- The Corporation operates Casino Regina and Casino Moose Jaw under the regulatory authority and supervision of the Saskatchewan Liquor and Gaming Authority (SLGA).

- Casino Regina, located in Regina's historic Union Station, opened to the public on January 26, 1996. Casino Regina's Show Lounge opened in November 2001. Casino Regina is conveniently located in the heart of Regina's downtown and is connected to the Delta Regina and the Cornwall Centre by a pedestrian walkway.

- Casino Moose Jaw, also located downtown, opened September 6, 2002 and is connected via pedestrian walkway to the Temple Gardens Mineral Spa.

- Casino Regina is open seven days a week. It has 788 slot machines, including specialty games and multi-line games in one cent, two cent, five cent, 25 cent, $1 and $2 credits. It has 26 table games, including craps, and eight poker tables, as well as full food and beverage services, a Show Lounge, gift shop and parkade.

- Casino Moose Jaw is open seven days a week. It operates six table games and 207 slot machines, as well as a lounge/snack bar and parking facilities.

- One hundred percent of SGC's profits are delivered to the province's General Revenue Fund. An amount equal to 25% of SGC's profit is distributed to non-profit community organizations through the Community Initiatives Fund. Similarly, 25% is allocated to the First Nations Trust Fund to fund initiatives in First Nations communities. 50% is distributed to important provincial programs through the General Revenue Fund.

- The total combined workforce for Casinos Regina and Moose Jaw is 887 employees. Employees of Aboriginal heritage represent 48.7% of the total workforce. Women represent 54.4% of the total. Visible minorities represent 9.1% and people with disabilities represent 3.9%.

- In-scope gaming operation, customer service and bank staff at Casino Regina are represented by the Public Service Alliance of Canada (PSAC). In-scope food and beverage employees at Casino Regina and all in-scope employees at Casino Moose Jaw are represented by the Retail, Wholesale and Department Store Union (RWDSU). Sound and lighting technicians in the Show Lounge are represented by the International Alliance of Theatrical Stage Employees (IATSE).

2005-2006 Results at a Glance

- Revenues were: $94.6 million
- Operating expenses were: $65.3 million
- Slot revenues were: $80.9 million
- Table revenues were: $8.6 million
- The average daily attendance for Casino Regina was 6,714. Casino Moose Jaw averaged 1,651 per day.
- Annual payroll of: $26.8 million
- Capital expenditures of: $11.8 million
- Capital assets of: $62.8 million
- The payout percentage on slot machines has remained stable at 93%.

The Saskachewan Gaming Corporation Executive Team

Pictured left to right: Doug Casper, Vice President Security; Bill Davies, Vice President Corporate Affairs; Twyla Meredith, Senior Vice President Finance and Business Development; Gerry Fischer, Vice President Gaming Operations; Marty Klyne, President & CEO.
Missing: Dallas Ferguson, Vice President Human Resources and Aboriginal Affairs.

Mandate, Vision, Mission and Values

Mandate
To offer casino entertainment in a socially responsible manner, generating quality employment, economic benefit to the community, and profit for Saskatchewan people in partnership with First Nations.

Vision
We are the first choice entertainment destination, delivering exhilarating experiences worth sharing and repeating.
We lead the industry through innovative casino entertainment ... even our competitors come to play.

Mission
To provide our guests with outstanding entertainment in a fun, friendly and exciting atmosphere.

Values
GUEST FOCUS
Our success relies on understanding our guests' needs and having a relentless desire to improve customer value.

RESPECT
We support and respect diverse backgrounds. People matter and we treat others as we expect to be treated.

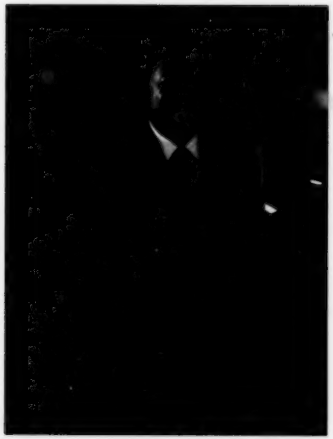
INTEGRITY
We are honest, fair and keep our commitments. We accept responsibility for our actions, both personally and corporately.

PASSION
We feel strongly about achieving our goals and it shows in our enthusiasm for everything we do.

RISK TAKING
We understand that to secure our place in the future, risks need to be taken today.

INNOVATION
We encourage and support new ideas. We nurture and embrace those forward thinking acts, even if they do not succeed.

Minister's Letter of Transmittal



To His Honour
The Honourable Gordon Barnhart
Lieutenant Governor of Saskatchewan

Your Honour:

I am pleased to submit the annual report of the Saskatchewan Gaming Corporation (SGC) for the period ending March 31, 2006. This report includes the financial statements in the form required by Treasury Board and in accordance with the Saskatchewan Gaming Corporation Act, 1994.

SGC is celebrating Casino Regina's 10th year of serving the people of Saskatchewan. Today, SGC is recognized as a leader in responsible gaming and in creating employment opportunities for the province's people of Aboriginal heritage.

Together, Casinos Regina and Moose Jaw make a valuable contribution to the province. Fifty percent of SGC's profits are paid to the province's General Revenue Fund, available for such initiatives as roads, hospitals, education, and other community projects. An amount equal to 25% of the net profits goes to non-profit community organizations through the Community Initiatives Fund and the remaining 25% goes to the First Nations Trust Fund to fund initiatives in First Nations communities.

I would like to congratulate all employees of SGC for making SGC such a valuable contribution to the province and for being such an important part of the communities they serve.

Respectfully submitted,

Glenn Hagel
Minister Responsible for the Saskatchewan Gaming Corporation

Chair of the Board's Message

Regina, Saskatchewan

The Honourable Glenn Hagel
Minister Responsible for the Saskatchewan Gaming Corporation

Mr. Minister:

On behalf of the Board of Directors, I am pleased to submit the 2005-2006 annual report of the Saskatchewan Gaming Corporation (SGC) for the period ending March 31, 2006.

During the year under review, SGC continued to build upon its reputation of excellence, and continued to generate profits that benefit all citizens of our province. SGC has a number of achievements to be proud of, including its commitment to Aboriginal employment, and a corporate culture that places the highest emphasis on delivering outstanding customer service. We will continue to make our processes transparent, and remain accountable to the people of this province as our properties strive to become premiere entertainment destinations.

On behalf of the Board of Directors, we look forward to continuing to build on these achievements and developing SGC's potential as a valued partner and corporate citizen of the province.

Respectfully submitted,

Thomas J. Waller, Chair of the Board
Saskatchewan Gaming Corporation

Board of Directors

The Saskatchewan Gaming Corporation Act, 1994 provides, in part, as follows:

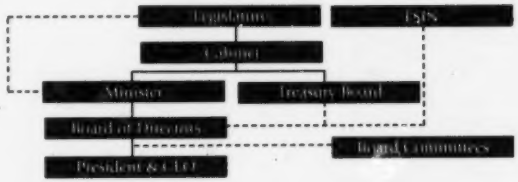
6 (1) The Corporation shall consist of seven persons appointed by the Lieutenant Governor in Council.

(2) The Lieutenant Governor in Council shall appoint as members,

(a) three persons nominated by the Chief's Legislative Assembly of the Federation of Saskatchewan Indian Nations, and

(b) four other persons.

Governance Structure



The Saskachewan Gaming Corporation Board of Directors

Pictured left to right: Kevin Missens, Glen Pratt, Ron Martin, Sandy Boughen, Tom Waller and Larry Deters.

Board of Directors

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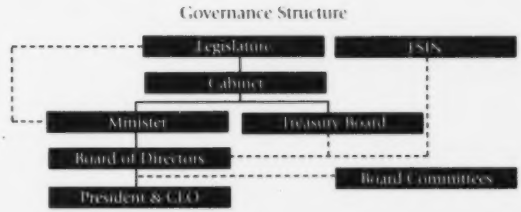


The Saskachewan Gaming Corporation Board of Directors

Pictured left to right: Kevin Misseris, Glen Pratt, Ron Martin, Sandy Boughen, Tom Waller and Larry Peters.

Report from the President and CEO

This is the first full year that I have been President and Chief Executive Officer of the Saskatchewan Gaming Corporation (SGC), and I would like to take this opportunity to thank SGC's employees and Board members for the guidance and advice they have provided.

This past year has been very significant for the SGC as we celebrated the 10th anniversary of Casino Regina. This was a good time to take stock of a number of achievements over the last decade.

As we look back, we are quite proud of the positive effect our properties have had upon Saskatchewan. The total provincial impact of Casinos Regina and Moose Jaw on the province's economy is equal to hosting six Grey Cup events each and every year for the past 10 years. We have added $829.7 million to the provincial Gross Domestic Product, including $371.3 million in new wages and salaries; Casino Regina alone has increased the number of people employed in the city, on average, by 1,121 each year, and Casino Moose Jaw stands proudly among that community's largest employers. We are also proud to have one of the most inclusive workforces in the country, with 50% of our employees being of Aboriginal heritage.

Over the past decade, a total of 16,230,830 guest visits were recorded in Casino Regina; that's more than half the population of this great country. And Casino Moose Jaw passed the two million guest mark this spring. We have continued to offer our guests the best in entertainment and gaming experiences. We have made continuous improvements such as: the coveted Casino Regina Show Lounge, which features a variety of top-quality performers; expanded parking facilities; and, pedways linking our properties to other tourism draws such as the Cornwall Centre, Delta Regina and Temple Gardens Mineral Spa.

Since 1996, over $241 million of SGC's profits has been delivered to the province's General Revenue Fund, available to fund such initiatives as hospitals, education, addiction prevention, roads and other community enhancements. We are proud to be able to support our communities, and look forward to continuing to do so in the years to come.

Despite the numerous challenges we have faced over the last decade, we have continuously maintained, developed, expanded and improved, and we've grown to 887 great employees.

We began 2005-06 in a challenging environment with the smoking ban that took effect January 1, 2005 for Casino Regina, experiencing the full effect by the beginning of this fiscal year. We not only methodically rode through the downturn in revenue due to the smoking ban with some purpose and precision, but we believe we've turned the corner and are experiencing an upswing as we head into 2006-07. Through some proactive and somewhat aggressive measures we were able to mitigate what would have otherwise resulted in deeper and lingering negative effects on revenue. This was a huge accomplishment, particularly when one considers that it was not a province-wide smoking ban.

Kudos to our Board of Directors and Treasury Board for backing us on initiatives to bolster customer service and increase marketing efforts, and bouquets to our employees for keeping our guests happy. In the face of an expected decline in revenues, others may have reduced staffing levels and advertising budgets, much to their detriment.

This past year we focused on getting back to the basics on a number of fronts, all of which are directly associated with improving upon employee engagement and client fulfillment. Consequently, our team has been challenged in ways that they have never experienced before and have done a wonderful job rising to the occasion. We have restated our core values, and developed new vision and mission statements to guide us on this challenge.

Our internal communications have been revamped and are now at an unprecedented level; publications such as *All Aboard, Straight Up, Week at a Glance* and employee bulletins, as well as the addition of quarterly, Corporation-wide Town Hall meetings are ensuring that staff have all the information they need to do their jobs, as well as have the opportunity to share their comments and ideas.

The Marketing group is on a new mission of customer intimacy, undertaking market research like never before, and formulating some excellent product offerings and business formats to meet customers' expectations and wants.

During this last year, we also made a number of changes to our executive and senior management teams in order to ensure our structure supports our Client Fulfillment strategy. We were pleased to appoint Gerry Fischer to Vice President of Gaming Operations, Dallas Ferguson to Vice President of Human Resources and Aboriginal Affairs; and Doug Casper to Vice President of Security.

We have accomplished a number of major achievements over the past 12 months. We were thrilled to be named the 2005 Business of the Year at the Tourism Saskatchewan Awards of Excellence, affirming that we are heading in the right direction as we encourage visitors from across Canada and around the world to see what Casinos Regina and Moose Jaw have to offer.

We have taken the lead in responsible gaming, opening the second Responsible Gaming Information Centre in the country. The Centre allows SGC to develop a market based on social and recreational gamblers and to be sensitive to the needs of our communities, as well as providing good customer service to our guests. The continued development of the iCare Responsible Gaming System and software will help to further position us as a leader in the industry.

Many of the challenges faced this year will undoubtedly continue through the year ahead. Nonetheless, I am confident that with the great team of people we have, we will enjoy many successful years to come.

The more I see of other properties and their respective operations, the more impressed I am with our people and our properties. We should all be very proud of the strengths we have to build on. We should be equally excited with the competitive advantage we have to cultivate.

On behalf of the Executive Team, I would like to thank all of our people who have worked so diligently through yet another demanding year and our shareholders for its continued support of SGC.

SASKATCHEWAN GAMING CORPORATION

M.L. (Marty) Klyne
President and CEO

SGC's performance is measured against the following key objectives:

	Strategic Direction	Corporate Objectives	Corporate Measure	2005-2006 Target	2005-2006 Actual
Customer	To create an outstanding experience where our guests see that we've gone beyond their expectations to provide a welcome, fun and exciting atmosphere.	To consistently exceed guest expectations in every interaction. To provide an outstanding entertainment experience.	Customer Satisfaction Index Recommendation Index	To implement new Customer Satisfaction Index scale. To implement new Recommendation Index	New index in use: based on 10 point scale. Casino Regina: 8.9 Casino Moose Jaw: 9.1 Casino Regina: 91% of respondents would recommend; Casino Moose Jaw: 91.1% of respondents would recommend.
Employee	To create a representative workforce of highly competent, and enthusiastic people who model our corporate values.	Achieve a values-driven workforce of highly satisfied employees. Achieve 50% Aboriginal representation at all levels of the Corporation and ensure a representative workforce of other designated groups.	Use the Hewitt Engagement Survey to establish base line data. Representation by designated groups.	Use the survey for the first time to measure employee engagement and satisfaction. To meet the mandate of the government's gaming framework agreement with the FSIN to have 50% employees of Aboriginal heritage and develop a workforce that is representative of the population served.	35% completion rate of the Hewitt survey. An Employee Engagement Committee has been formed to analyze and work with feedback. 48.7% of the workforce is of Aboriginal heritage. More than 30% of managers are of Aboriginal heritage. Women represent 54.4% of the workforce. Visible minorities represent 9.1% of the workforce. People with disabilities represent 3.9% of the workforce.
Social Responsibility	To be a model corporate citizen contributing to our community in a socially responsible manner, demonstrated in part through our unique partnerships.	To create greater public understanding and acceptance of SGC's positive impacts. Maintain an environment for all staff and guests where they feel safe and secure. To be a leader in responsible gaming.	Develop the corporate image through a detailed communications plan in line with government policy. Score for security satisfaction on the Customer Service Index (CSI). Establish Responsible Gaming Information Centre. Investigate and develop system to predict problem gaming behaviour.	To establish a comprehensive communications plan to increase SGC's visibility in the community. Casino Regina scored 8.74 on the CSI in the area of security satisfaction. Casino Moose Jaw scored 9.01 on the CSI in the area of security satisfaction. Responsible Gaming Information Centre opens in July 2005. Partner with iView Systems to create responsible gaming program.	Regular media monitoring and reports; completion of economic impact study for 1995-2005; monitor and respond to customer comments. Security focused on increasing/ improving technology and employee development to provide greater tools and knowledge. The Responsible Gaming Information Centre focus is a positive one, increasing player awareness and keeping gaming fun.

Strategic Direction	Corporate Objectives	Corporate Measure	2005-2006 Target	2005-2006 Actual
Social Responsibility Continued	Develop and maintain partnerships to support Saskatchewan communities, recognizing unique commitment to Aboriginal people.	Enhance corporate image through cost-effective sponsorship program.	Develop new policies, procedures and corporate measures.	The iCare product, comprised of state-of-the-art computer software and comprehensive staff training, works to help casinos integrate responsible gaming into day to day operations.
		Favourable audit reports.	Meet all requirements of Provincial Auditor and SLGA.	Corporate Affairs department took on responsibility for community sponsorships, developing policy to identify appropriate opportunities.
	Ensure a high standard of integrity and accountability.	Timely reports to management, Board, Government and the public.	Maintain current high standards.	Provincial Auditor issued unqualified opinion of SGC's consolidated financial statements. Corporate results published and posted on quarterly basis; annual report tabled according to legislated timelines.
Innovation, Sustainability and Profitability	To continue to innovate, partner and develop new opportunities aimed at creating value and ensuring long-term sustainability and profitability.	To ensure a high level of sustainable profitability for Saskatchewan people.	Net income Net operating income (NOI) as % of revenue	$30.85 million 37% NOI	$29.2 million 34.1% NOI (as percentage of net revenue)
		To pursue and identify business risks and new opportunities.	To identify new opportunities or ventures to grow the Corporation and share knowledge of the gaming industry.	Explore potential business development opportunities.	SGC partnering with iView Systems to develop iCare system; there will be opportunities to share this product with other casino operators worldwide.

2005-2006 Performance Results

The 2005-2006 Performance Results illustrate the Saskatchewan Gaming Corporation's progress in achieving the goals and objectives outlined in the 2005-2006 Performance Plan.

The key objectives presented in the 2005-2006 business plan are listed, followed by a report on actual progress. Actual results are included for key actions and performance measures included in the plan.

A. Outstanding Entertainment Experience, Customer Service and Guest Relations

To create an outstanding experience where SGC's guests see that the Corporation has gone beyond its expectations to provide a welcoming, fun and exciting atmosphere.

Corporate Objective – To consistently exceed guest expectations in every interaction.

2005-2006 Corporate Measure:

- Customer Satisfaction Index

Actual Results:

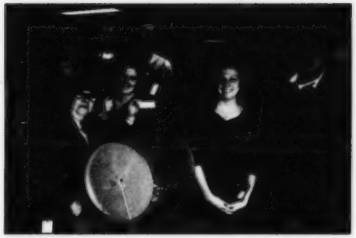
- Casino Regina received a score of 8.9 out of 10. Casino Moose Jaw was rated 9.1 overall by its customers.

Discussion of Results:

During the year under review, the Corporation implemented its revamped customer service index scale. The index is determined using customer exit surveys at both properties.

The index is based on an average of the 10 point scale from the following areas: coat check, parking lot, box office, bank cashiers, slot attendants, security, restaurant, customer service representatives and table games dealers.

"Our aim is to consistently exceed guest expectations with every interaction"



A. *Outstanding Entertainment Experience, Customer Service and Guest Relations*

Key Activities Supporting the Corporate Objective

Double Diamond Rewards and Recognition Program

2005-2006 Corporate Measures:

- Establish and implement a new employee-driven rewards program, based on the results gathered from Double Diamond surveys distributed to all SGC employees.

Actual Results:

- A new Double Diamond employee committee was established and the new program was launched in January 2006.
- 641 nominations were received this fiscal year.

Discussion of Results:

A new Double Diamond program was introduced in 2005-2006. The new program is overseen by a committee that comprises a cross-section of staff representing both Casinos Regina and Moose Jaw, including gaming floor and corporate staff.

Under the new program, all employees at every level of the Corporation can nominate their co-workers. All employees, including managers, are eligible for nomination.

An employee can nominate a fellow employee who has delivered excellent internal or external customer service. A draw for one major prize will take place each month. On a quarterly basis, managers will submit their top service act to the Double Diamond committee and these nominees will be recognized at an upcoming Town Hall meeting and an edition of *All Aboard*, bi-weekly newsletter. The top service act employees will then be entered into a grand prize draw at an annual employee celebration event. The program was changed as a result of the feedback collected from the Employee Double Diamond Survey.

Facility Improvements

2005-2006 Corporate Measures:
Casino Regina facility improvements
Casino Moose Jaw facility improvements

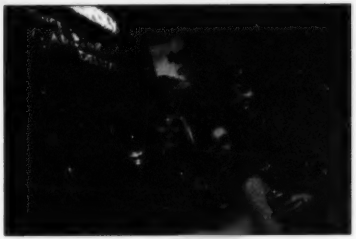
Actual Results:

- Entrance to washrooms across from Casino Regina Poker Room redesigned to address customer concerns.
- Enhanced packaging/décor is being planned for the casinos.
- Completion of exterior staff smoking areas.
- Expansion of fitness facilities and conversion of staff smoking/break areas to staff lounges and rest areas as part of "Healthy Lifestyles" project.
- Conversion and reconfiguration of office space, including SGC Executive staff moving off-site to ease office space constraints.

Having a long-term, integrated development plan and strategy to update and improve the facilities remains a high priority for SGC. During the year under review, SGC's "Healthy Lifestyles" project continued, as staff break areas and Casino Regina's on-site gym facility were remodeled. The fitness facility was increased in size and new equipment was added, while staff indoor smoking lounges were converted to a relaxed space with comfortable seating and plasma television sets. This is important to staff and managers, as uniformed staff are unable to leave the property while in uniform.

SGC's Executive Team was moved off-site in January 2006 to the Conexus Plaza at 1801 Hamilton Street in Regina. As the Corporation has grown, SGC's current needs for space were insufficient; staff were sharing space and meeting rooms were being converted to serve as office space. As a result of this move, other staff throughout the Corporation were moved as well, with Accounting, Internal Audit, and Payroll relocated to the second floor of the Telegraph Building, and Scheduling moving to the third floor of Casino Regina.

"Having a long-term, integrated development plan and strategy to update and improve the facilities remains a high priority for SGC"



A. *Outstanding Entertainment Experience, Customer Service and Guest Relations*

Corporate Objective – To Provide an Outstanding Entertainment Experience

2005-2006 Corporate Measure:

- Recommendation Index

Actual Results:

- In the July 2005 exit survey, 91% of respondents would recommend Casino Regina to family/friends. In the same survey for the Moose Jaw property, 91.1% of survey respondents would recommend Casino Moose Jaw to family/friends.

Discussion of Results:

- The Recommendation Index is a new survey instrument, and 2005-2006 is the first year that results are available.

Key Activities Supporting the Corporate Objective

Member Rewards and Loyalty Program

2005-2006 Corporate Measure:

- Using the Players Club card (PC) as the base, segmented players' events, tournaments and promotions were held.

Actual Results:

- Over 40,000 members in Saskatchewan receive communication pieces.
- The PC program continues to be refined.
- In the summer of 2005, Casinos Regina and Moose Jaw updated their Players Club card system. Through this new technology, we will be able to give our valued Players Club members even more exclusive offers.
- Game Show held in the Show Lounge every Monday night in June, July and August attracted over 6,500 PC members over 12 weeks.
- All planned events and programs aimed at PC members were a success in numbers and responses.

Discussion of Results:

The Corporation continued to hone its player relations strategy in 2005-2006 to increase frequency of visitations.

Promotions and Advertising

2005-2006 Corporate Measure:

- Continue to develop and implement a strategic combination of advertising and promotions to increase guest counts.

Actual Results:

- A new website was launched in early 2006 with more user-friendly features and a broader information base.
- In 2005-2006 Casinos Regina and Moose Jaw implemented a new card play based promotion strategy. The new "quick draw" capacity was used in promotions held for the launch of the Saturday Night Live machines, Winter Getaway and the Brier.
- A new "Odds" advertising campaign was launched in December 2005.
- Partnerships with Tourism Regina, Temple Gardens Mineral Spa and the Tunnels of Moose Jaw continued to generate results.

"Over 40,000 PC members received communication pieces in 2005-2006."

A. Outstanding Entertainment Experience, Customer Service and Guest Relations

Discussion of Results:

In 2005-2006 the Corporation continued to focus communications efforts on promotions and events, as well as branding and awareness initiatives.

A number of promotions were held throughout the year, including quick draws, hot seats and the "Grand Giveaway" that coincided with Casino Regina's 10th Anniversary celebration. Lucky winners won prizes such as a home renovation package, home theatre, cars, trips, cash and casino products. Promotions with multiple winners, as opposed to one grand prize winner, were preferred by our clientele.

The "Odds" advertising campaign drove home the message that both casinos are "Always Entertaining". The "Odds" campaign was advertised within Saskatchewan on television, newspaper, outdoor, in theatres, restaurants, bars and the Internet.

Game Mix and Industry Trends

Slot Development Strategy

2005-2006 Corporate Measure:

- Provide industry-leading technology and exciting game themes in an array of denomination choices, measured by performance per device.

Actual Results:

- The most significant change to SGC slot gaming was the implementation of e-TICKET technology. Our 2005-2006 rollout was on a very aggressive schedule, which has resulted in approximately 80% of SGC slots being e-TICKET enabled.
- A total of 170 slots were replaced, bringing in the latest themes and gaming technology. Trend analysis and customer feedback play an important role in game placements.
- A total of 80 slots also underwent a game theme conversion in 2005. The game conversions accomplish two key goals: ensure freshness of game themes and keep slot machine technology current.
- The "Star Wars" slots introduced at Casino Regina were one of the first installations in Canada. These games added an unprecedented excitement to Casino Regina's already diverse slot floor.
- In continuation of our Customer Service theme, "e-TICKET Fast Cash" self-redemption ticket kiosks were added and well-received at both Regina and Moose Jaw.

Discussion of Results:

- The Saskatchewan Gaming Corporation prides itself on keeping up with the latest industry trends. A great deal of effort goes into researching new games and technology, to ensure Casinos Regina and Moose Jaw continue to be known for having the newest, most exciting games available.

"A great deal of effort goes into researching new games and technology"

A. Outstanding Entertainment Experience, Customer Service and Guest Relations

Table Games Development Strategy

2005-2006 Corporate Measure:

- To provide the most entertaining, exciting, and productive mix of games available, meeting guest demand for new, popular products.

Actual Results:

Casino Regina:

- Poker continues to be popular, and Casino Regina responded with:
  - The Diamond Poker Classic was held in July, incorporating the Canadian Poker Tour finals; this was Canada's largest poker tournament at the time. Over four days, 612 players competed for a total prize pool of $612,000, including a first place prize of $153,000. This was filmed for television by the Canadian Poker Tour, airing throughout the summer on Rogers SportsNet.
  - The Harvest Poker Classic in November was another successful tournament, with 871 players competing for a $523,200 total prize pool.
  - Changes were made to the March Station Poker Classic format; the final tables for Friday and Saturday tournaments were played on Sunday afternoon for rebroadcast on Rogers SportsNet. The tournament attracted 1,010 entrants for a total payout of $530,400. This included a new record for the most players in a single day tournament, with 352 registered.
  - In January, focus groups were held to assist in the development of the Casino's Poker Rooms.
- Craps was introduced to the gaming floor in November after two months of staff training. This is the first major game introduced into Casino Regina since opening. Smaller games have been introduced, but most require three to eight hours of training; Craps dealers require 160 hours of intense training.

Casino Moose Jaw:

- Poker was added to the gaming floor at Casino Moose Jaw on June 16. One Blackjack table was removed to accommodate the poker table; this did not adversely affect the Blackjack results and was a welcomed addition to the floor.
- Learn to Play, Ladies-Only events and Low Limit Mondays, featuring $2 Blackjack, $3 Three-Card, $.50 Roulette and $1-2 Texas Hold 'Em, were successfully introduced and received.

Discussion of Results:

SGC continues to keep up with industry trends and guest expectations, by introducing new games, such as Craps, reviewing the game mix and industry advancements and exploring promotional opportunities.

Casino Regina continues to build on its national and international reputation for its poker tournaments, which are held three times a year in the coveted Show Lounge. Each year, the tournaments continue to grow in popularity. The popularity of poker has also spread to Casino Moose Jaw.

"Casino Regina hosts three of the largest annual poker tournaments in Canada"

A. *Outstanding Entertainment Experience, Customer Service and Guest Relations*

Service Delivery Strategy

2005-2006 Corporate Measures:

- Ensure the appropriate level of customer service and staffing is maintained and manage the productivity and enforcement of policies and procedures on the gaming floor.
- Implement customer service initiatives as required to provide outstanding entertainment value to guests.
- Standard performance measures established through SGC's Double Diamond customer service program.

Actual Results:

- The Corporation has implemented e-TICKET technology to improve interaction with guests and enhance customer service.
- New count equipment purchased, which has streamlined the process and increased the number of bill boxes cleared daily. This minimizes the number of full bill boxes on the floor and increases guest satisfaction.
- Points Earned Reward Kiosks (P.E.R.K.) allow some tasks to be operated by the guest that would otherwise be done at Customer Service, minimizing wait times.

Discussion of Results:

By implementing technology such as e-TICKET and P.E.R.K. systems, SGC staff are able to improve guest relations and have more time to devote to delivering outstanding customer service, rather than spending time filling machines or facing long lineups. e-TICKET slot machines also enable Slot Attendants to focus more attention on guests' needs and less on the machines themselves.

SGC staff is consistently trained to take a proactive approach in seeking feedback from guests so the Corporation can improve service delivery. This approach will ensure both casino properties maintain and improve upon their reputation for outstanding customer service.

Food and Beverage Strategy

2005-2006 Corporate Measures:

- Add value and extend visitor stay through complimentary non-alcoholic beverages on the gaming floor, a value-priced menu and bar service throughout the casinos.

Actual Results:

- Casino Regina has eight Red Seal chefs working in the kitchen.
- Casino Regina averages 800 people every week for its popular Sunday brunch.
- Casino Regina food and beverage revenues increased 6% over the previous year. Sales increases are less than in previous years due to the effect of smoking ban and the discontinuation of the "Dinners on Us" promotion.
- Casino Moose Jaw held a telephone survey for 376 Players Club members to gather opinions on food and beverage options for that property.

Discussion of Results:

Casino Regina has some of the province's most experienced and educated chefs working in its kitchen, and continues to assist staff in upgrading their skills. The Executive Chef is one of three Certified Chef de Cuisines (CCC) in Regina, which is equivalent to the "Master Chef" title. As well, the Food and Beverage department has partnered with Saskatchewan Institute of Applied Science and Technology to offer an upgrading course for chefs; nine are currently registered to take the Red Seal exam. Upon completion, if all candidates pass the exam, there will be 18 Red Seal Chefs (out of 22) in the kitchen. This is by far the highest number of Red Seal Chefs working in one location anywhere in the province, which is a testament to our commitment to continuing training and education throughout the Corporation.

Casino Regina Food and Beverage department puts safety first and all of our Food and Beverage staff go through the Food Safe certification program, offered through the City of Regina Health Department. This sets us apart from other establishments in the city. Food and Beverage servers and bartenders also go through a national certification program; Casino Regina is currently 83% certified, and Casino Moose Jaw is 67% certified.

"Casino Regina's Executive Chef is one of three Certified Chef de Cuisines in Regina"

A. *Outstanding Entertainment Experience, Customer Service and Guest Relations*

The Food and Beverage department regularly holds team meetings and gives staff feedback on performance through performance checklists that measure service levels. This reinforces the corporate mission, vision and values.

Our customers generally want well-priced, Saskatchewan sized portions of comfort food that isn't too out of the ordinary. But when we have private bookings like the Dilawri Fundraiser Grand Gala, and the Casino's 10th Anniversary Celebration, the demand for innovation is high. Expectations are in line with the top restaurants in the country, and we respond. This year, Casino Regina's Chefs had the opportunity to work with Chef Michael Smith from "The Food Network" to showcase their skills.

Casino Regina Food and Beverage department also supports fundraising efforts like Fantasy Food and Taste of Regina, welcoming the opportunity to showcase its abilities to the community at large.

The Food and Beverage department also remembers its internal customers. A healthier menu was introduced in the staff cafeteria featuring a salad bar and the use of zero trans-fat oils.

Food and Beverage has also made some technological and service changes to better serve customers and improve operational efficiencies.

As part of SGC's enforcement of customer intimacy and client fulfillment, the Food and Beverage department will continue to formulate product offerings and business formats that meet customers' expectations and wants.

Bus Tour Program

2005-2006 Corporate Measures:

- Maximize the bus tour impact on the guest traffic count through a cost-effective use of promotions.

Actual Results:

- Bus guest visits were up 0.6% over last year.

Discussion of Results:

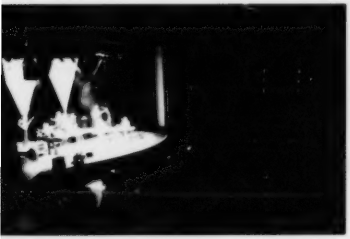
Out of province, multi-day visits continue to increase in Moose Jaw. Regina numbers are down slightly, but continue to be strong with one day, in-province traffic. Bus tour traffic has been segregated, with gamers heading to Casino Regina and tourists heading to Casino Moose Jaw. We continue to maintain a core of tour operators that are using Casino Regina and Casino Moose Jaw as a destination for their guests.

Entertainment Services

2005-2006 Corporate Measures:

- Increase programming that contributes to incremental door count in a cost-effective manner and in line with SGC's corporate brand and image.
- Implement new initiatives comprised of enhanced entertainment lineups as well as numerous non-traditional events including: sports events, conventions, speakers, trade shows, player events and promotions.

"Bus tours continue to increase in Moose Jaw"



A. Outstanding Entertainment Experience, Customer Service and Guest Relations

Actual Results:

Casino Regina Show Lounge

- Casino Regina Show Lounge hosted 272 events in 2005-2006, resulting in 14% more guests over the prior period.
- Over 100 performances were from local entertainers, including, but not limited to: Al Almassy & Pleasure Tyme, Marny Duncan-Cary, Dennis Ficor, Young at Heart, Danny S Band, Pump Fiction & Dating Derby (performers from Applause Feast & Folly), Rory Allen, Stepchyle, Amandd Adelle, Groovanomix, Jack Semple, Ralph's Rhythm Kings, Johnny Bagpipes, Darcy Lang and Ken Beattie.
- Twelve summer dates of musical theatre programming were offered at an affordable price through a contract with Applause Feast & Folly.
- The Show Lounge hosted 41 events in which Casino Regina co-sponsored the entire event including, but not limited to: Tourism Regina Host at Home, Mid Winter Blues Festival, Dilawri Grand Gala, Aboriginal Talent Showcase, Wascana Cosmopolitan 2005, Agribition International Reception, and Brier Sponsor Reception and Brier Volunteer Appreciation Night.
- Non-profit events received Show Lounge venue rental and technical services sponsorship in kind, exceeding $90,000.
- Show Lounge loyalty programs prove to be successful.

Casino Moose Jaw

- 2005-2006 was the first full year of programming for the Mae Wilson Theatre at the Moose Jaw Cultural Centre.
- In total, 40 concert entertainment performances were held in the Mae Wilson Theatre at the Moose Jaw Cultural Centre with over 8,800 guests in attendance.
- Eight summer dates of musical theatre programming were offered at a reasonable price through a contract with Applause Feast & Folly.
- Of the total concert entertainment performances, 40% or 16 performances included local entertainers in the Mae Wilson Theatre, including, but not limited to: Rory Allen, Tera Lee, The Groove Demons, Marny Duncan-Cary, and performers from Applause Feast & Folly.

Discussion of Results:

Visitors and residents of Regina continue to give high praise to the Casino Regina Show Lounge, raving about the high calibre and variety of entertainers, sound quality and layout of the facility. Entertainers who perform at the Show Lounge are also appreciative of the outstanding facilities and high quality of service they receive when entertaining in Regina.

The entertainment at the Mae Wilson Theatre in Moose Jaw has been an excellent program to actively participate in the interests of the Moose Jaw community, and we are pleased to be able to add to the arts, culture, and entertainment in Moose Jaw. The first full year of programming has been well-attended and visitors look forward to the outstanding performances.

"Casino Moose Jaw hosted 40 performances at the Moose Jaw Cultural Centre"

B. To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Corporate Objective – Achieve a values-driven workforce of highly satisfied employees.

2005-2006 Corporate Measures:

- Use the Hewitt Engagement Survey to establish baseline data. The objective was to measure employee engagement and satisfaction.

Actual Results:

- There was a 35% completion rate of the Hewitt survey.
- An Employee Engagement Committee has been formed to analyze and work with feedback gathered through the survey.

Discussion of Results:

SGC understands that engaged employees have a direct impact on the level of customer service and consequently on financial returns. The Hewitt survey was delivered to establish base line data and gauge employees' perception of the Corporation on a number of topics, such as career opportunities, corporate citizenship, recognition and people practices. The results of this survey have been handed off to a newly-formed Employee Engagement Committee, which will work within the Corporation to develop strategies to address issues brought forward in the survey. SGC will demonstrate to its employees that their contributions are valued and work to ensure that the Corporation is regarded as an employer of choice.

Human Resource Information System

2005-2006 Corporate Measures:

- Establishment of a corporate-wide Human Resources Information System

Actual Results:

- The training and development component of the system is being implemented.

Discussion of Results:
The implementation of a new Human Resources Information System is being developed, with managers receiving training on the system. Other upgrades are being considered as this system implementation continues.

Performance Management System

2005-2006 Corporate Measures:
- Implementation of a new appraisal tool to measure employee performance.
- Achieve 60% completion of new performance evaluations and checklists.

Actual Results:
- Annual performance reviews completed on 33% of employees.
- Managers are currently being trained on the use of these performance measurements tools.

Discussion of Results:
- Considerable effort has been taken to develop performance management tools to ensure that each employee has the opportunity to receive feedback on a quarterly and annual basis. The implementation of these tools is ongoing, as managers receive training.

"SGC continues to work with all its employees to address issues and concerns"

B. *To create a representative workforce of highly competent and enthusiastic people who model our corporate values.*

Learning and Development Strategy

2005-2006 Corporate Measures:

- Expand training opportunities to accommodate SGC's shift work environment.
- Prepare for implementation of a multi-faceted customer service training program for all employees.
- Increase the number of employees involved in learning and development opportunities.
- Expand utilization of the services of the Employee Development Consultant.
- Expand utilization of SGC's tuition reimbursement program.
- Increase developmental opportunities for Aboriginal Management Development Program (AMDP) participants.
- Develop and deliver coaching training for supervisors and managers.

Actual Results:

- Ambassador Orientation and Coaching training is now offered evenings at Casino Regina. This service will be expanded to Casino Moose Jaw in 2006-2007.
- Learning and Development has chosen AchieveGlobal as its partner in educating employees on customer service at all levels; program will be implemented in 2006-2007.
- Enrollment in courses up 40% from previous year.
- Employees consulted with the Employee Development Consultant more than 120 times, up 40% from last year.
- There were 22 employees who used the Tuition Reimbursement Program: up 10% from last year.
- AMDP participants provided with mandatory training, including Interview Skills and Effective Presentations.
- Coaching training has been developed, focusing on completing Performance Appraisals and using them as a developmental tool.

Discussion of Results:
Employee learning and development is of utmost importance to SGC; providing employees with the opportunity to enhance their skills adds confidence and pride in the work being done. There has been a dramatic increase in the number of employees taking advantage of learning and development opportunities over the past year.

In January 2006, new performance appraisals and checklists were introduced to provide employees with valuable feedback, and make the Corporation aware of further learning and development opportunities that would be beneficial.

The Aboriginal Management Development Program is a continuing success; one participant received a Bachelor of Administration degree in December 2005.

Internal Communication

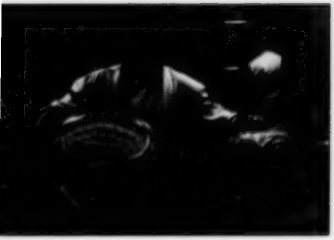
2005-2006 Corporate Measure:

- Through SGC's Corporate Affairs department, identify internal communications needs and priorities.

Actual Results:

- The Corporate Affairs department was expanded to include a Director of Corporate Affairs and three Communications Consultants; this department is responsible for all internal and external communications and community sponsorship initiatives.
- A number of internal communications pieces have been revitalized or created, including: *Straight Up* magazine (quarterly), the *All Aboard* employee newsletter (bi-weekly), *Week at a Glance* (weekly), and an employee bulletin to update all staff on new promotions or initiatives, as needed.
- The SGC Intranet site for employees is undergoing redesign, and will be relaunched in Spring 2006.

"SGC offers continued training to its employees throughout their careers"



B. To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

- As a new initiative, Town Hall meetings are held quarterly for all SGC employees, so that everyone in all levels of the Corporation is able to receive, provide and share information.
- Corporate Affairs staff have been working diligently with other departments, offering strategic communications advice.

Discussion of Results:

Internal communications is a high priority for SGC; it is a challenging venture, as it is for all businesses with diverse workforces from numerous backgrounds, access to technology and shift work occupations. The Corporate Affairs department endeavours to provide staff at all levels of the Corporation with the informational tools they need to do their jobs right, each and every time. The Town Hall meetings are an important communication tool, as they provide a forum for all staff to share information and ask questions of the Executive Team and management, who they may not work with on a regular basis. Both verbal and written questions posed at these meetings are collected so that they may be answered, and these are printed and distributed to all staff.

Labour Relations

2005-2006 Corporate Measures:

- Successfully negotiate a renewal of the collective agreement with the Public Service Alliance of Canada (PSAC) at Casino Regina and the Retail, Wholesale, Department Store Union (RWDSU) at Casino Moose Jaw.
- To establish a committee to gauge employee satisfaction based on results of the 2005 Hewitt Employee Opinion Survey.

Actual Results:

- An Employee Engagement Committee has been established to develop and implement an action plan that addresses the action items identified in the 2005 opinion survey.
- Negotiations have begun on the collective agreement with the Public Service Alliance of Canada (PSAC) at Casino Regina.
- The new collective agreement with the Retail, Wholesale, Department Store Union (RWDSU) at Casino Regina took effect in October 2005.
- Negotiations are ongoing for the RWDSU at Casino Moose Jaw.

Discussion of Results:

The most recent Hewitt Engagement Survey resulted in a 44% engagement score for SGC employees; this tells us that measures need to be taken to further develop a workplace environment where the employees are engaged, positive, have an intense desire to work and engage in behaviours that contribute to organizational success. An Employee Engagement Committee has been formed to implement an action plan to bring this goal forward.

"SGC will continue to develop a workplace where the employees are engaged, positive and have an intense desire to contribute to organizational success"

B. *To create a representative workforce of highly competent and enthusiastic people who model our corporate values.*

Healthy and Safe Workplace

2005-2006 Corporate Measures:

- To continue to ensure that our employees work in a safe and healthy workplace.
- To provide employees with Occupational Health and Safety (OH&S) Training, because safety of employees and guests is SGC's top priority.
- To implement the new block shift schedule in all departments at Casino Regina, in order to increase the full-time employees by 10% at Casino Regina, and assist employees in balancing their life and work.
- To develop and implement a block shift schedule in collaboration with RWDSU at Casino Moose Jaw.

Actual Results:

- SGC continues to assist injured workers with an early and successful return to the workplace through the Return to Work Program.
- Six members of SGC's Health and Safety Committee have attended OH&S training, and an OH&S component has been added to the Ambassador Orientation Program.
- Block shift implementation has begun at Casino Regina and is to be completed by September 30, 2006.
- Block shift implementation at Casino Moose Jaw is to be completed by December 31, 2006.
- The guiding principles of Safety, Courtesy, Show and Efficiency were introduced, underscoring safety as a number one priority.

Discussion of Results:

SGC is committed to ensuring a positive, healthy and safe workplace for its employees, as the work environment is an important part of employee success. The new block shift schedules have been designed to help employees balance their working and personal lives, as they will be able to bid for shifts that will remain constant for one year.

Employee Appreciation

2005-2006 Corporate Measures

- Recognize long-service employees through appropriate corporate functions.
- Organize corporate annual Family Fun Days, children's Christmas parties, and other events.
- Capitalize on forums as an opportunity to address staff and openly appreciate and recognize the contributions made through hard work.

Actual Results:

- An event was held in November 2005 to recognize long-serving staff.
- Employees with 10 years at SGC were specially noted during Casino Regina's 10th Anniversary celebrations.
- Casino Regina and Casino Moose Jaw hosted separate children's Christmas parties; 516 attended in Regina and 94 attended in Moose Jaw.
- A special license was received by SLGA to hold an open house at Casino Regina and Casino Moose Jaw for children on December 24.
- Family Fun Days are held for all employees each summer.
- Two staff nights were held at the Kramer IMAX Theatre in Regina, where staff could enjoy a movie and refreshments.
- Achievements are highlighted at quarterly Town Hall meetings.
- Internal communications used to highlight achievements.

Discussion of Results:

As an employer of choice, it is critical that SGC recognize the contributions of its employees, through the above initiatives and a corporate culture that recognizes employee contributions on a regular basis.

"SGC hosts a variety of events for employees and their families"

B. To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Corporate Objective – Achieve 50% Aboriginal representation at all levels of the Corporation and ensure a representative workforce of other designated groups.

2005-2006 Corporate Measure:

To meet the mandate of the government's gaming framework agreement with the FSIN to have 50% employees of Aboriginal Heritage and develop a workforce that is representative of the population served.

Actual Results:

- 48.7% of the workforce is of Aboriginal heritage.
- More than 30% of managers are of Aboriginal heritage.
- Women represent 54.4% of the workforce.
- Visible minorities represent 9.1% of the workforce.
- People with disabilities represent 3.9% of the workforce.

Discussion of Results:

SGC is proud of being able to say it has one of the most inclusive workforces in the country. While the total percentage of employees of Aboriginal heritage was slightly below 50% at the end of the fiscal year, there are measurable reasons for this decrease.

Many of SGC's Aboriginal employees, through the assistance and encouragement of the Corporation, develop themselves professionally and personally with skills training, education and work experience. While SGC will continue to offer an environment of personal and professional development, we will not always be able to offer advancement opportunities, and some of our employees will seek those opportunities elsewhere in both the public and private sector. We are equally proud of those situations.

As pressures increase on the supply of labour in Western Canada, many public and private sector employers will continue to present opportunities for the consideration of Aboriginal employees at SGC. This competitive environment is expected to heat up over the next three years, especially in the gaming industry. Maintaining the mandate of 50% Aboriginal workforce, while not insurmountable, will be increasingly difficult.

Finally, the percentage of employees of Aboriginal heritage at SGC does fluctuate. As of March 31, 2006, the percentage was 48.7%; this fiscal year, it ranged from 50.9% to 48.7% with an average of 49.7%.

SGC is often called upon to share its best practices with other organizations. SGC has presented on Métis and First Nations recruitment and retention to a number of groups, including the Regina Regional Economic Development Authority (RREDA), the Saskatchewan Public Service Commission and the Western Cities Conference, and the Provincial Aboriginal Representative Workforce Council (PARWC). SGC representatives have also participated in local career fairs and educational events, such as the Choices and Opportunities for Change Urban Development Conference in January 2006.

The Corporation will continue to develop and maintain relationships with First Nations and Métis groups, organizations and educational institutions to enhance this role even further in the future.

"SGC is proud to share its best practises related to Métis and First Nations recruitment and retention of employees"

C. *Public Acceptance, Social Responsibility and Partnership Relations*

To be a model corporate citizen, contributing to our community in a socially responsible manner, demonstrated in part through our unique partnerships.

Corporate Objective: To create greater public understanding and acceptance of the positive impacts of SGC in Saskatchewan

Key Activities Contributing to Success in Meeting this Objective:

External Communications Plan

2005-2006 Corporate Measure

- Develop the corporate image through a detailed communications plan in line with government policy.

Actual Results:

- Celebrated 10th Anniversary, which was covered by local media.
- Completed economic impact research and study for the period from 1995-2005.
- New websites, www.casinoregina.com and www.casinomoosejaw.com, were developed.
- Regular participation in news conferences (Craven Country Jamboree, Centennial Concert Series and CNT Tours) to enhance SGC's public profile.
- Regular media monitoring to track SGC's portrayal in local, national and international media, as well as monitor other related topics (problem gambling, other gaming jurisdictions, smoking ban).
- Monitor and respond to customer comments.
- Newspaper supplement for SGC's 10th anniversary in January 2006 produced and distributed to general public, government and stakeholders.
- SGC representatives spoke at a number of community events, such as the SIAST 26th Annual Business and Industry Banquet, Breast Cancer Action Saskatchewan's "Bras With Bling," the Oskana Cup Aboriginal Hockey Tournament, Archbishop O'Neil High School Anti-Racism Celebration and Juvenile Diabetes Research Foundation Corporate Recruitment Luncheon.

Discussion of Results:

SGC places high importance on communicating with external stakeholders and the public at large. Through a comprehensive communications plan, the Corporation aims to increase its visibility in the community and maintain and strengthen its reputation as a good corporate citizen and community partner.

Corporate Objective – Maintain an environment for all staff and guests where they feel safe and secure.

2005-2006 Corporate Measure:

- Score for security satisfaction on the Customer Service Index (CSI).

Actual Results:

- Casino Regina scored 8.74 on the CSI in the area of security satisfaction.
- Casino Moose Jaw scored 9.01 on the CSI in the area of security satisfaction.
- In keeping with the plan to convert SGC properties to digital recording, a new digital system was installed at Casino Regina; installation at Casino Moose Jaw is expected in 2006-2007.
- Training for Security and Surveillance staff ongoing to provide all necessary skills as new initiatives move forward, such as introduction of new games and slot technology.
- iCare module added to current iTrack incident tracking system, to allow for better reporting and retrieval of incidents and information.

"SGC constantly aims to maintain and strengthen its reputation as a good corporate citizen and community partner."

C. *Public Acceptance, Social Responsibility and Partnership Relations*

Discussion of Results:

Security's focus for 2005-2006 was mainly around improving customer and employee satisfaction. By increasing/improving technology and employing training development, our staff have been equipped with better tools and knowledge to allow them to meet and exceed expectations from our internal and external customers.

With a number of new initiatives introduced by Operations in the gaming mix both in tables and slots, such as Craps and e-TICKET, training became a main focus for the surveillance and investigator units. A major focus has been given to ensure our managers have the skills in leadership and development of their staff. This will not only increase employee and customer satisfaction, but go a long way to meet our succession planning and employee retention needs.

This year saw a major step forward in updating Security and Surveillance equipment. Digital recording has been installed at Casino Regina in 2005-2006 and Casino Moose Jaw to follow in 2006-2007. The advanced technology in this area allows for better quality, both live and recorded, with a quick retrieval when required. This will give staff greater options and certainly allow them to provide feedback to meet our internal and external customer expectations.

Facial recognition has been introduced to both casinos as another tool to meet our social responsibility goals and objectives. The SGC initiative in developing the iCare module to assist in identifying those persons with potential gaming concerns will be used as part of the Security and Surveillance incident tracking system, iTrack. This will give staff another tool in our objective as being in the forefront of the industry in this area.

Objective – To be a leader in responsible gaming

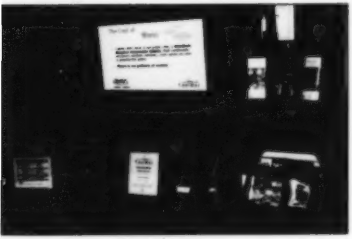
2005-2006 Corporate Measures:

- Establish a Responsible Gaming Information Centre to provide on-site education, resources and referrals.
- Investigate and develop a system to predict problem gambling behaviour.
- Work with SaskHealth, the Saskatchewan Responsible Gaming Association and other agencies to enhance the image of gaming and address problem gambling issues.

Actual Results:

- The Responsible Gaming Information Centre (RGIC), located on the gaming floor at Casino Regina, opened in July 2005. It is staffed by a full-time Responsible Gaming Resource Person.
- A total of 427 people visited the RGIC from July 2005 to February 2006; of these, 42 were referred to health authorities (problem gambling counselors), 30 were referred to SaskHealth's Problem Gambling Health Line, and eight were referred to Gamblers Anonymous.
- Information materials branded with the RGIC logo were developed and prominently displayed throughout the casino.
- From April 1, 2005–March 31, 2006, Casino Regina had 119 guest-requested voluntary bans and Casino Moose Jaw had 21 guest-requested voluntary bans.
- SGC partnered with iView Systems of Ontario to create iCare, a responsible gaming program that consists of cutting-edge software and staff training to monitor patterns of play, identify problem gambling behaviour and provide players with appropriate information, education and referrals.

"Casino Regina was the second casino in Canada to open a Responsible Gaming Information Centre"



C. *Public Acceptance, Social Responsibility and Partnership Relations*

Discussion of Results:

The Saskatchewan Gaming Corporation's goal is to provide quality casino entertainment in a safe environment of fun, excitement and customer care. We have been mandated since our opening to implement policies and procedures that will identify persons exhibiting behaviour reasonably evidencing a problem with gaming and to provide those persons with information respecting appropriate intervention programs.

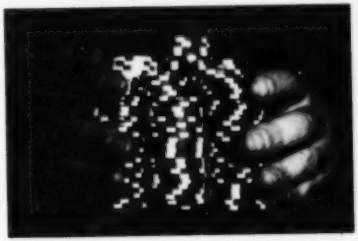
The Responsible Gaming Information Centre opened in July 2005. It is located at the west end of Casino Regina near the Show Lounge, and is staffed by a Responsible Gaming Resource Person. It is the second centre of its kind in the country.

The RGIC's focus is a positive one, increasing player awareness and keeping gambling fun. The Responsible Gaming Resource Person provides information about gaming, so guests are educated about how the games work, randomness, house advantage and the costs of different kinds of gambling.

The Resource Person can also assist those concerned about their own or someone else's gambling and provides referrals to community resources, such as the Regional Health Authority (problem gambling counselors) or Gamblers Anonymous, for help.

The Centre allows SGC to develop a market based on social and recreational gamblers and to be sensitive to the needs of our communities, as well as providing good customer service to our guests. It also offers information on alternative entertainment opportunities in the casinos and the communities they serve, such as the Casino Regina Show Lounge and popular tourist attractions.

The iCare product, comprised of state-of-the-art computer software and comprehensive staff training, is a one-of-a-kind creation that works to help casinos integrate responsible gaming into day to day operations, as part of a commitment to complete customer care.



iCare, a joint venture of the SGC and iView Systems, builds on current gaming practices, such as teaching staff to identify signs of high risk behaviour and providing players with information about the games they play. It is a tool to help casinos meet their legal and regulatory obligations to provide responsible gaming information to guests, while at the same time, protecting them.

The training component incorporates responsible gaming as part of good customer service, making customer safety the first priority and provides staff with the confidence to be able to identify and assist players who are exhibiting high risk behaviours.

The iCare software uses information already gathered through Casino Management Programs to monitor patterns of play, signaling trained staff when potential high risk behaviour is identified. Staff are then able to build a dialogue with identified players to provide educational information and ensure the well-being of players.

iCare research has shown that high risk behaviour occurs over the long-term, not days or weeks; the program enables casino staff to talk to players in a planned fashion over the long-term, so that they are able to enjoy gaming in moderation for as long as they choose.

The iCare program was launched at the International Casino Exhibition (ICE) 2006 Conference and Tradeshow in January 2006 in London, England.

As well, Casinos Regina and Moose Jaw have maintained a voluntary ban program. Players who may be experiencing problems can have themselves banned from the casinos for a specified period of time.

"Customer safety is the first priority"

C. *Public Acceptance, Social Responsibility and Partnership Relations*

Corporate Objective - Develop and maintain partnerships to support Saskatchewan's communities, recognizing our unique commitment to Saskatchewan's Aboriginal people

2005-2006 Corporate Measures:

- Enhance the corporate image through cost-effective sponsorship of community events and activities that support SGC's brand, image, values and public policy objectives.
- Develop a comprehensive Aboriginal Supplier Registry.

Actual Results:

- SGC's Corporate Affairs department took on the responsibility for community sponsorships, developing a comprehensive policy to identify appropriate opportunities.
- The Finance and Administration department continues to work with the Crown Procurement Committee to develop a comprehensive database of Aboriginal suppliers and a strategy to be used.

Discussion of Results:

SGC continues to take pride in being a model corporate citizen and working with local business and tourism partners to improve the quality of life for the communities of Regina and Moose Jaw and the province.

SGC staff regularly sit on tourism boards and committees – at the national level with the National Aboriginal Economic Development Board, Aboriginal Human Resource Development Council of Canada and Access to Capital; at the provincial level with Tourism Saskatchewan and the Clarence Campeau Development Fund; at the regional level with Tourism Regina and Tourism Moose Jaw, and at the local level with a number of organizations such as Regina Downtown, Regina Regional Economic Development Authority, and the Community Services Village Capital Campaign.

SGC continues to develop relationships with Aboriginal, disability and visible minority communities and explore sponsorship opportunities with organizations such as the Circle Project Inc. and the First Nations 2005 Saskatchewan Centennial Summer Games. The sponsorship for the games included assistance during the games as well as a gala fundraiser leading up to the event. As well, each year on June 21, the First Nations and Métis community celebrate their culture, spirituality and heritage during National Aboriginal Day, and SGC recognizes this by hosting a special celebration.

SGC has maintained its strong commitment to the First Nations and Métis communities through the support of Aboriginal events and organizations, including the First Nations Family Support Centre, File Hills Qu'Appelle Tribal Council, The Federation of Saskatchewan Indian Nations, Rainbow Youth Centre, Aboriginal Kinsmen Club, The Circle Project Inc. and the First Nations University of Canada.

In July 2005, the Corporation was the major sponsor of the first annual Plywood Cup, a fundraiser for the Canadian Progress Club. Participants built boats from limited supplies and sailed them around Wascana Lake, with proceeds to local children's charities.

SGC was also a sponsor of the 2005 Terry Fox Run, covering costs for the entertainment stage and helped to raise funds for the Moose Jaw Union Hospital Surgical Unit at the Moose Jaw Health Foundation Festival of Trees in November, entering a tree into the live auction, as well as purchasing a nativity scene in the silent auction for donation to the Providence Place Care Facility in that community.

"In July 2005, the Corporation was the major sponsor of the first annual Plywood Cup"

C. Public Acceptance, Social Responsibility and Partnership Relations

STRATEGIC DIRECTIONS

Corporate Objective – Ensure a high standard of integrity and accountability for all gaming and non-gaming activities

2005-2006 Corporate Measures:

- Meet all requirements of the Provincial Auditor and the Saskatchewan Liquor and Gaming Authority.
- Provide accurate, timely and relevant information to management, the Board of Directors, the Government and the public.

Actual Results:

- Corporate results are posted on SGC's website on a quarterly basis and our annual report is tabled according to legislated timelines.
- The Provincial Auditor issued an unqualified opinion of SGC's 2005-2006 Consolidated Financial Statements.

Discussion of Results:

Internal control systems are continually reviewed in order to meet the highest standards of integrity and meet with all regulatory obligations or audits and internal control standards.

Present systems meet all necessary requirements and all procedural changes are brought before the Corporation's Internal Control Committee before implementation. Compliance with approved policies and procedures is closely monitored.

The Corporation also provides support and leadership to the following activities related to strengthening SGC's Internal Control Systems:

- Providing support to the Holland Casino's Operational Audit team and monitoring and reporting progress on implementation and recommendations coming out of their audits.
- Continuing to provide leadership and support to the operational areas to make procedural changes more efficient and customer friendly, yet maintain a secure system of internal controls.

D. Innovation, Sustainability and Profitability

o continue to innovate, partner and develop new opportunities aimed at creating value and nsuring long-term sustainability and profitability.

Corporate Objective – To ensure a high level of sustainable profitability for Saskatchewan people

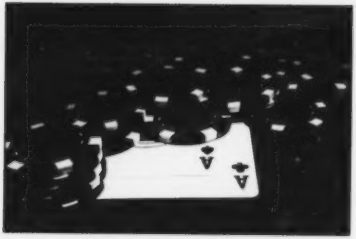
2005-2006 Corporate Measures:

- Net income of $30.85 million
- Net operating income as a percentage of revenue: 37%

Actual Results:

- During the 2005-2006 fiscal year, SGC posted a net income of $29.2 million, a decrease of $10.2 million over the previous year's profit of $39.4 million.
- Net revenues for the year were $94.6 million, a decrease of $3.1 million or 3.2% from the previous year.
- Slot revenues decreased $2.1 million. Table revenue decreased $0.8 million. Gaming revenues were negatively impacted by the smoking ban that was implemented January 2005 in Casino Regina.
- Other revenues – that include Food & Beverage, Parking, Show Lounge, interest, rent and ATM fees – decreased $183,000 from the prior year.
- SGC saw an increase in its Food & Beverage operations of $419,000, as a result of the popularity of the Sunday Brunch and increased events in the Show Lounge.
- Ticket revenue increased $123,000 as the Moose Jaw Cultural Centre was open for an entire year in 2005-2006.
- Parking revenue decreased $248,000 as free parking was offered during the implementation period of the new PERK system.

"Food and Beverage operations increased $419,000 in 2005-2006"



D. Innovation, Sustainability and Profitability

- Due to the smoking ban, gift shop revenue decreased $459,000 as cigarettes are no l sold in Casino Regina.
- Expenses rose from $58.2 million in 2004-2005 to $65.3 million in 2005-2006, a 12.2% incre This increase reflects increased operating costs such as salaries, uniform replacement, table games training, entertainment, professional fees and marketing.
- SGC achieved a 34.1% net operating income (as a percentage of net revenue) whic below our goal of 37%.

Corporate Objective – To pursue and identify business risks and new opportunities.

Business Development Strategy

2005-2006 Corporate Measure:

- To identify either new developments or ventures to grow the Corporation vertically, as as horizontally and to share knowledge of the gaming industry.

Actual Results:

- SGC continues to explore a number of potential business development opportunities.

Discussion of Results:

SGC is recognized as a leader in responsible gaming and has been asked to share its knowledge with other gaming jurisdictions. The expansion of legalized gambling has beer accompanied by social concerns about increased rates of problem gambling, the costs associated with those increased rates and the industry's responsibility for dealing with the issue. SGC, in partnership with iView systems, developed the iCare responsible gaming software and training system to work as a complete risk management tool so that operat may exercise a reasonable duty of care toward their customers. There will be opportunitie share this product with other casino operators worldwide on a commercial basis, as there other product like it available.

Risk Management

2005-2006 Corporate Measure:

- Be proactive in managing corporate risks, including changes to the industry and the business environment.

Actual Results:

- A multi-disciplined Risk Management Committee continually assessed key risks. One of the ongoing responsibilities of this committee is to update and revise the corporate business continuity plan in the event of a disaster.
- A plan has also been developed to address occurring insurance incidents with a goal to minimize the number of incidents and to reduce the annual insurance premium costs.

Discussion of Results:

The casino business is cash-intensive and socially sensitive, so SGC has to operate in a highly controlled environment. At SGC, the Director of Internal Audit reports directly to the Finance and Audit Committee of the Board of Directors. Because Internal Audit is an independent function – created to examine and evaluate the activities within SGC – its Director does not report directly to Executive Management at SGC.

The Corporation has identified five areas of risk that must be well managed to ensure its continued success and long-term viability. These key areas are:

- Ensuring fairness and integrity in gaming operations.
- Maintaining Casinos Regina and Moose Jaw's competitive positions as top tourist destinations.
- Meeting government expectations for reasonable profitability and performance accountability.
- Offering quality employment and career opportunities consistent with employment equity objectives, and
- Operating in a socially responsible manner.

"SGC continues to explore potential business development opportunities"

2006-2007 Outlook

2006-2007 OUTLOOK

In spite of the challenges that characterized 2005-2006, it was a highly successful year. This was a testament to our people and our overall operational efficiency. The commitment of our casino employees taking a Five Star Approach to offering a superb guest experience in a safe environment will continue to drive our success into the future.

When we celebrated Casino Regina's 10th Anniversary in January 2006, we proudly looked back at our past accomplishments. Now we look forward to future successes. With the outstanding efforts of our dedicated employees in relentless pursuit of a Five Star Approach, great customer service and client fulfillment, we will continue to successfully protect market leadership.

The challenges ahead are indeed exciting ones as they are aimed at moving from good to great on many fronts and market leaders to market leadership.

2006-2007 OUTLOOK

We will dedicate ourselves to the relentless pursuit of customer intimacy and client fulfillment through extensive market research and continued development of new product offerings and business formats. SGC needs to ensure that its properties are always viewed to be fun, fresh and entertaining; indeed, SGC's properties need to be viewed as the entertainment destination of choice in their property classifications.

In terms of our product offerings, we will be introducing new slot products this year, and some new twists like no other property in Canada.

In our Show Lounge, more high profile events are being scheduled and we will continue to specialize in events that make us unique. Our bend will be toward an exciting package of promotions, prizes, celebration and excitement.

We will continue to make remarkable advancements in the area of responsible gaming, as the promotion of the iCare product continues worldwide into the coming months.

As a result of customer intimacy and the pursuit of client fulfillment, construction and renovation projects will be undertaken.

Upcoming promotional events include the Stay & Play Spectacular, Touchdown Truck, Winter Escape 2006 and the Juno Celebrity Poker Tournament.

At Casino Moose Jaw the digital upgrade for surveillance equipment will be completed this spring and a flash bake oven will be introduced to increase current product offerings and improve food and beverage service. Changes may also be on the horizon, as drawings could be completed to outline a possible expansion of Casino Moose Jaw.

"SGC will introduce new twists like no other property in Canada"

We will continue to focus on employee satisfaction, through our internal communications, the Employee Engagement Committee, Employee Satisfaction Survey, performance management and management training.

SGC, like other organizations, will need to ensure it provides its employees with the right tools, the right equipment, the right training and the right environment. What were once the basics or essentials to attracting and retaining good employees have become the norm and expected. With ever-increasing competition for good employees, we need to fully understand and appreciate what our employees expect. To that end, SGC will be exploring compensation and benefits elements on a long term and integrated development plan basis.

We will also aggressively pursue further business development and growth opportunities.

SGC needs to provide its employees with opportunities for advancement and personal development through growth and new challenges and identify and explore opportunities and strategic relationships for operational efficiencies, incremental gaming revenue and revenue diversification.

As a means of expanding its business and diversification of investments and in looking at what type of complementary developments guests expect, SGC will be exploring these developments and strategic alliances on a long term and integrated development plan basis. We will establish and build a business development function that will serve to be a major contributor to future corporate successes.

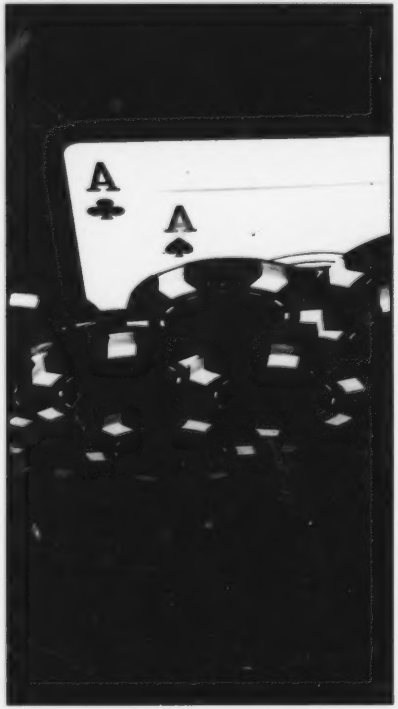
With the fantastic talent and dedication of the staff at Casino Regina and Casino Moose Jaw, we will continue to pursue a vision of becoming premiere entertainment destinations.

For further details on Casinos Regina and Moose Jaw's initiatives and operations, to receive copies of the audited consolidated financial statements, to receive the audited financial statements for SGC Holdings Inc. (the holding company for the Corporation's assets), or to request copies of this annual report, contact our Corporate Affairs department at:

1880 Saskatchewan Drive
Regina, Saskatchewan
S4P 0B2

Telephone: (306) 787-8452

In Canada, call toll free:
1-800-555-3189
or visit our websites at www.casinoregina.com and www.casinomoosejaw.com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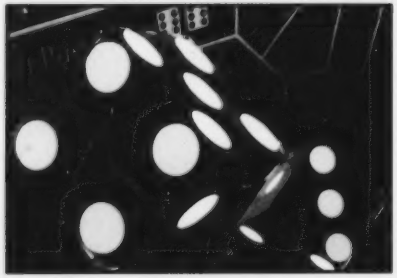


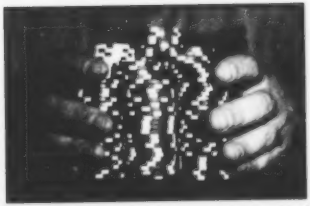
Saskatchewan Gaming Corporation
Supplementary Financial Information 2005-2006
Suppliers expenses Over $50,000 (Net of GST)
in Alphabetical Order
For the period ending March 31, 2006

Supplier	Amount	Supplier	Amount
AIR CANADA	62,175	MIN OF FIN, E & H TAX	108,282
ALLEN, RORY	57,220	MIN OF FIN, SPMC	399,507
AON REED STEMHOUSE INC	260,377	MOOSE JAW CULTURAL CENTRE	136,496
ARDVARK INVESTMENTS INC	97,026	MOOSE JAW EXHIBITION CO LTD	450,840
BALLY GAMING & SYSTEMS	255,471	OLIVE WALLER	58,855
BREWERS DISTRIBUTOR LTD	439,227	ONE HOUR MARTIMIZING	286,732
CAJON LEASING	1,864,808	OXFORD RETAIL GROUP	91,173
CANADIAN LINEN AND UNIFORM	83,596	PACIFIC FRESH FISH LTD	67,879
CAPITAL PENSION & BENEFITS	1,083,342	PAQUIN ENTERTAINMENT AGENCY	73,489
CASINO CREATIONS	76,142	PAR CONSULTANTS OF CANADA	95,205
CIRCA OFFICE INTERIORS LTD	77,497	PHOENIX ADVERTISING GROUP	2,362,485
CITY OF MOOSE JAW	187,283	POINTS WEST CONSULTING INC	157,275
CITY OF REGINA	1,424,951	PRAIRIE MEATS	185,394
CLEAN-BRITE RMT HOLDINGS	226,647	PRINTWEST	348,139
COCA-COLA BOTTLING COMPANY	140,408	PROCREST APPAREL & PROMOTIONS	51,514
COLONY COFFEE & TEA	113,547	PROFESSIONAL WESTERN COMPUTERS	56,036
CONEXUS ARTS CENTRE	265,477	RECEIVER GENERAL	2,860,689
COUGHLIN & ASSOC LTD	82,809	REGINA EXHIBITION ASSOCIATION LTD.	2,800,000
CRAIGEN CONSTRUCTION	118,972	REGINA EXHIBITION PARK	56,859
CUBBON ADVERTISING	54,983	SASK ENERGY	193,966
DATA GROUP OF COMPANIES	95,256	SASK LIQUOR & GAMING AUTHORITY	294,573
DELOITTE & TOUCHE LLP	58,147	SASK POWER CORP	916,634
DELTA REGINA HOTEL	146,956	SASK ROUGHRIDER FOOTBALL CLUB	62,534
DESTINY DEVELOPMENT INC	62,685	SASK WORKERS COMPENSATION BOARD	526,875
ECOLAB LTD	94,178	SASK-TEL	340,103
FANTASTIC CLEANING	1,023,881	SHUFFLE MASTER INC	118,034
GRAND & TOY	51,180	SL FELDMAN & ASSOCIATES	132,445
GREAT WEST LIFE ASSURANCE	883,516	SUN ELECTRIC (1975) LTD	358,586
HARVARD/TGMS DEV CORP	900,000	SYSCO FOOD SERVICE OF REGINA	987,229
HIGH LINE CORPORATION	52,136	TCS JOHN HUXLEY (CANADA)	50,100
HOLLAND CASINO	180,269	TD BANK	122,092
HOWARD PITCH ENTERTAINMENT	55,091	TECHNOLOGY MANAGEMENT CORP	868,709
IGT CANADA	176,586	TEMPLE GARDENS	91,552
INDEPENDENTS CHOICE DISTRIBUTORS	95,906	TOURISM REGINA	158,860
INTERNATIONAL GAME TECHNOLOGY	341,052	TRANSCONTINENTAL PRINT	57,900
KANUKA THURINGER	67,999	UNISOURCE CANADA INC	244,202
KPMG LLP	901,575	UTILITY GARMENTS INC	363,914
LAURIE ARTISS LIMITED	61,953	WELLDONE MECHANICAL SERVICES	50,956
LONDON LIFE	2,104,924	WESTON BAKERIES LIMITED	53,302
MERCURY GRAPHICS	59,423	WESTRIDGE CONSTRUCTION	149,030
MERIT PRINTING LIMITED	141,941	WMS GAMING INC	16,185
			30,402,943

SGC Holdings Inc	
Supplementary Financial Information 2005-2006	
Suppliers Payments Over $50,000 (Net of GST)	
In Alphabetical Order	
For the period ending March 31, 2006	
Supplier	**Amount**
ARISTOCRAT TECHNOLOGIES INC	1,798,747
ATRONIC AMERICAS, LLC	143,054
BALLY GAMING SYSTEM	2,390,535
CUMMINS-ALLISON INC	330,578
DELL CANADA INC	167,605
HONEYWELL LIMITED	69,655
IBM CANADA LTD	67,541
IGT CANADA	1,717,631
IVIEW SYSTEMS	73,656
KIOSK INFORMATION SYSTEM INC	51,901
LONDON LIFE	2,691,411
MIKOHN	183,738
MTD ALLSTREAM INC	54,745
NRT TECHNOLOGY CORP	259,944
PROFESSIONAL WESTERN COMPUTERS	260,784
PROGRESSIVE CASINO TECHNOLOGIES INC	415,245
SUN ELECTRIC (1975) LTD	189,265
TECHNOLOGY MANAGEMENT CORP	183,864
WMS GAMING INC	370,987
	11,420,886

Saskatchewan Gaming Corporation
Supplementary Financial Information
Personal Services
For the period ending March 31, 2006
Listed are individuals who received payments for salaries, wages, secondments, honorariums, etc. which total $50,000 or more in alphabetical order

Name	Payment Amount		
Abuan, Rita	55,833	Jones, Ron	68,064
Acoose, Trevor	61,274	Kaufmann, Loni	51,719
Adams, Ron	77,516	Khan, Jeff	51,283
Arlint, Robert	61,045	Klyne, Martin	147,699
Bittemose, Ken	69,374	Kucher, Tara	80,723
Blanshard, William	50,289	Kuntz, Linda	83,841
Brewer, Donna	62,468	Lacey, Shana	66,100
Brown, Travis	53,904	Laroque, Gregory	67,902
Caldwell, Victoria	55,690	Lavallee, Maurice	53,172
Cardinal, Robert	58,549	Locke, Theresa	52,268
Carsten, Les	59,631	Love, Neil	60,410
Casper, Doug	95,295	MacRae, Stuart	85,879
Cloutier, Les	79,365	Maalde, Guido	73,132
Cote, Brenda	89,598	Matysio, Edgar	58,497
Crowe, Robert	74,252	Meredith, Twyla	115,353
Daradich, Elliott	81,082	Mokry, Janice	53,923
Davies, William	102,736	Montanini, Debra	76,808
Deck, Geoff	51,822	Murray, Gordon	65,071
Dreger, Ken	66,839	Ortman, Frank	51,338
Dressler, Maxwell	59,420	Parisian, Richard	60,648
Dureau, Greg	76,525	Pelletier, Robert	70,061
Eggleston, Darcy	60,554	Petit-Homme, Carlos	52,595
Engel, Gailen	60,599	Pilatzke, Blaine	89,376
Erickson, Rita	71,233	Pratt, Jason W.	62,277
Ermel, Delia	77,927	Reavie, Bardy	66,763
Esch, Suzanne	56,197	Robison, Blair	57,441
Ferguson, Dallas	91,304	Schmidt, Kelly	64,265
Ferguson, Rosalind	50,514	Schwabe, Clair	56,682
Fischer, Gerald	115,270	Sterzer, Alphonse	56,909
Flett, Susan	68,190	Stewart, Tracy	59,975
Fuentes, Marco	51,022	Street, Angela	58,524
Gartner, Rosanne	50,448	Toop, Wendy	61,378
Gordon, Shauntay	52,363	Tysowski, Jerry	52,808
Howie, Jane	64,731	Uhl, Gene	54,485
Hutchison, Wendy	88,117	Weist, Faye	60,648



SGC HOLDINGS INC. • FINANCIAL STATEMENTS
For the Year Ended March 31, 2006

MANAGER'S REPORT

Management Report

The accompanying financial statement and related financial information presented throughout the Annual Report have been prepared by management using generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the year ending March 31, 2006 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records are maintained. An auditing function exists within the corporation that objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined the corporation's financial statements as of March 31, 2006. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion of fairness of presentation of the corporation's financial statement in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 5, 2006

M.L. (Marty) Klyne
President and CEO

Twyla Meredith
Senior Vice President
Finance and Business Development

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of SGC Holdings Inc. as at March 31, 2006 and the statements of operations and retained earnings, and cash flows for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 5, 2006

Fred Wendel, CMA, CA
Provincial Auditor

SGC HOLDINGS INC. • STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

STATEMENT 1

Assets

	2006	2005
Current assets:		
Cash	$ 123,353	$ 440,135
Accounts receivable	112,088	---
Prepaid expenses	11,625	941,495
Current portion of lease receivable (Note 3)	8,779,360	6,984,482
	9,026,426	8,366,112
Long-term lease receivable (Note 3)	33,445,969	30,399,205
Total assets	$ 42,472,395	$ 38,765,317

Liabilities and Equity

Current liabilities:		
Accounts payable	$ 416,332	$ 522,159
Due to SGC (Note 4)	9,385,308	9,586,730
Current portion of long-term debt (Note 5)	4,187,497	2,689,411
	13,989,137	12,798,300
Long-term debt (Note 5)	28,707,501	25,952,236
Total liabilities	42,696,638	38,750,536
Equity:		
Share capital (Note 6)	1,000	1,000
Retained earnings (deficit) (Statement 2)	(225,243)	13,781
	(224,243)	14,781
Total liabilities and equity	$ 42,472,395	$ 38,765,317

(See accompanying notes to the financial statements)

STATEMENT 2

SGC HOLDINGS INC. • STATEMENT OF OPERATIONS AND RETAINED EARNINGS FOR THE YEAR ENDED MARCH 31

	2006	2005
Revenue:		
Bank interest and other	$ 22,266	$ 14,101
Expenses:		
Bank charges and other	121	320
Exchange loss	247,388	---
	247,509	320
Net (loss) income	(225,243)	13,781
Retained earnings, beginning of the year	13,781	2,148
	(211,462)	15,929
Less transfer to SGC	(13,781)	(2,148)
Retained earnings (deficit), end of the year (Statement 1)	$ (225,243)	$ 13,781

(See accompanying notes to the financial statements)

SGC HOLDINGS INC. • STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31

STATEMENT 3

	2006	2005
Cash flow provided by (used in) operating activities:		
Net (loss) income	$ (225,243)	$ 13,781
Cash flow provided by (used in) investing activities:		
Changes in non-cash working capital balances:		
Accounts receivable	(112,088)	—
Prepaid expenses	929,870	(941,495)
Accounts payable	(105,827)	291,811
Purchase of capital assets for lease	(11,826,124)	(4,236,108)
Lease payments received from SGC	6,984,482	6,394,388
	(4,129,687)	1,508,596
Cash flow provided by (used in) financing activities:		
Transfer to SGC	(13,781)	(2,148)
(Decrease) increase in due to SGC	(201,422)	327,117
Loan proceeds	6,942,762	—
Repayment of debt	(2,689,411)	(2,476,284)
	4,038,148	(2,151,315)
Net decrease in cash position	(316,782)	(628,938)
Cash, beginning of year	440,135	1,069,073
Cash, end of year	$ 123,353	$ 440,135

(See accompanying notes to the financial statements)

1. **Description of Business**
SGC Holdings Inc. was incorporated under *The Business Corporations Act (Saskatchewan)* and is a wholly owned subsidiary of the Saskatchewan Gaming Corporation (SGC). Since its inception, SGC Holdings Inc. purchased capital assets and leased them to SGC for the operation of Casino Regina and Casino Moose Jaw. The financial results of SGC Holdings Inc. are included in the consolidated financial statements of SGC.

2. **Significant Accounting Policies**
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Foreign currency
Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

The Corporation entered into forward exchange contracts during the year to manage foreign currency exposure. The loss on the forward exchange contract was taken into income in the current year. No forward exchange contracts were outstanding at the year end.

3. **Long-term Lease Receivable**
SGC Holdings Inc. entered into a building and equipment direct financing lease agreement with SGC. The receivable is non-interest bearing and has minimum repayments as follows:

	2006	2005
Year ending March 31		
2006	$ ---	$ 6,984,482
2007	8,779,360	6,307,882
2008	7,695,517	5,224,039
2009	6,566,987	4,095,509
2010	6,043,637	3,837,791
2011	5,196,410	2,990,566
2012 and subsequent	7,943,418	7,943,418
Total minimum payments receivable	42,225,329	37,383,687
Less current portion	8,779,360	6,984,482
	$ 33,445,969	$ 30,399,205

Due to the nature of this receivable, its fair value has not been determined.

4. Due to SGC

Amounts due to SGC are non-interest bearing and payable on demand. These amounts represent payments made by SGC on behalf of SGC Holdings Inc. which have not yet been reimbursed.

5. Long-Term Debt

	2006	2005
Land and Building Loan, repayable in monthly instalments of $256,715 including interest at 9.2%, due April 1, 2011	$ 12,470,320	$ 14,310,642
Building Loan, repayable in monthly instalments of $76,572 including interest at 6.48%, due December 1, 2016	7,101,186	7,544,190
Building Loan, repayable in monthly instalments of $67,790 including interest at 6.17%, due December 1, 2016	6,380,730	6,786,815
Equipment Loan, repayable in monthly instalments of $129,529 including interest at 4.527%, due March 28, 2011	6,942,762	—
	32,894,998	28,641,647
Less current portion	4,187,497	2,689,411
	$ 28,707,501	$ 25,952,236

The above loans are secured by assets and shares of SGC Holdings Inc. The above loans may only be prepaid at a penalty cost to SGC Holdings Inc. Principal repayments required in the next five years are as follows:

2007	$ 4,187,497
2008	4,498,567
2009	4,834,769
2010	5,198,262
2011	5,590,772
2012 and subsequent	8,585,131
	$ 32,894,998

Under an agreement between SGC and SGC Holdings Inc., SGC is responsible for paying the interest portion of the loans directly to the lenders. Accordingly, these financial statements do not show the cost of servicing this debt. For the year ended March 31, 2006, SGC's financial statements include interest expense of $2,107,507 (2005 - $2,319,561) for this debt.

The fair value of the long-term debt is approximately $34,943,645 (2005 - $31,293,000). The fair value is determined by discounting the future contractual cash flows using rates currently available for debt of similar terms and maturities.

6. Share Capital

	2006	2005
Authorized		
Unlimited voting common shares with no par value		
Unlimited non-voting preferred shares with no par value		
Issued and outstanding		
100 common shares	$ 1,000	$ 1,000

7. Related Party Transactions

These financial statements include transactions with related parties. SGC Holdings Inc. is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Corporation is related to non-Crown agencies that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms.

SGC Holdings Inc. has not been charged with administration costs. These costs have been absorbed by SGC.

In addition, SGC Holdings Inc. pays Saskatchewan provincial sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Fair Value

Accounts receivable, accounts payable, and due to SGC are financial instruments that are short term in nature and as such their carrying value approximates their fair value. Fair value information for other financial instruments is described separately in these financial statements and the notes thereto.

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MANAGER'S REPORT

Management Report

The accompanying financial statement and related financial information presented throughout the Annual Report have been prepared by management using generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the year ending March 31, 2006 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records are maintained. An auditing function exists within the corporation that objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined the corporation's financial statements as of March 31, 2006. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion of fairness of presentation of the corporation's financial statement in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 5, 2006

M.L. (Marty) Klyne
President and CEO

Twyla Meredith
Senior Vice President
Finance and Business Development

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the Saskatchewan Gaming Corporation as at March 31, 2006 and the consolidated statements of operations and retained earnings, and cash flows for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 5, 2006

Fred Wendel, CMA, CA
Provincial Auditor

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2006	2005
	(in 000's)	
Assets		
Current assets:		
Cash	$ 8,533	$ 10,885
Short-term investments	---	12,141
Accounts receivable	411	160
Inventory	186	166
Prepaid expenses	764	1,640
	9,894	24,992
Capital assets (Note 3)	62,832	56,952
Total assets	$ 72,726	$ 81,944
Liabilities and Retained Earnings		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,600	$ 5,763
Current portion of long-term debt (Note 4)	4,187	2,689
Current portion of capital lease obligation (Note 5)	903	900
	11,690	9,352
Due to General Revenue Fund (Note 1)	25,194	39,431
Long-term liabilities:		
Long-term debt (Note 4)	28,708	25,953
Capital lease obligation (Note 5)	7,134	7,208
	35,842	33,161
Retained earnings (Statement 2)	---	---
Total liabilities and retained earnings	$ 72,726	$ 81,944
Commitents (Note 6)		

(See accompanying notes to the financial statements)

STATEMENT 2

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31

	2006	2005
	(in 000's)	
Revenue: (Note 7)		
Gross revenues	$ 102,706	$ 105,797
Less:		
Promotional allowances	5,701	5,527
Ancillary cost of goods sold	2,438	2,603
	94,567	97,667
Operating expenses (Notes 7 & 8):	65,341	58,236
Net income	29,226	39,431
Retained earnings, beginning of the year	---	---
Transfer to General Revenue Fund (Note 1)	29,226	39,431
Retained earnings, end of the year - to Statement 1	$ ---	$ ---

(See accompanying notes to the financial statements)

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31

	2006	2005
	(in 000's)	
Cash flows provided by (used in) operating activities:		
Net income	$ 29,226	$ 39,431
Items not involving cash:		
Amortization of capital assets	5,793	4,804
(Gain)/Loss on sale of capital assets	(8)	66
Changes in non-cash working capital balances:		
Accounts receivable	(251)	54
Prepaid expenses	876	(999)
Inventories	(20)	43
Accounts payable and accrued liabilities	837	(487)
	36,453	42,912
Cash flows provided by (used in) investing activities:		
Proceeds from sale of capital assets	176	99
Purchase of capital assets	(11,826)	(4,236)
	(11,650)	(4,137)
Cash flows provided by (used in) financing activities:		
Payment to General Revenue Fund	(43,463)	(36,480)
Loan proceeds	6,943	—
Repayment of capital lease obligation	(86)	(67)
Repayment of debt	(2,690)	(2,476)
	(39,296)	(39,023)
Net (decrease) in cash position	(14,493)	(248)
Cash position, beginning of the year	23,026	23,274
Cash position, end of the year	$ 8,533	$ 23,026
Cash consists of:		
Cash	$ 8,533	$ 10,885
Short-term investments	—	12,141
	$ 8,533	$ 23,026

(See accompanying notes to the financial statements)

1. Description of Business

The Saskatchewan Gaming Corporation (SGC) manages and operates Casino Regina and Casino Moose Jaw. SGC was established under *The Saskatchewan Gaming Corporation Act, 1994 (Act)*. Under Section 13 of the Act, SGC, unless directed otherwise by Treasury Board, shall pay its net profits for each fiscal year to the General Revenue Fund.

SGC was established to provide for separation of regulatory and operational aspects of gaming. SGC must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*. Regulation of its operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies which have been adopted are described below.

a) Basis of Consolidation

The consolidated financial statements combine the accounts of Saskatchewan Gaming Corporation and its wholly-owned subsidiary, SGC Holdings Inc. All intercompany transactions and accounts have been eliminated on consolidation.

b) Revenue

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and pay-outs by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots.

c) Players Club Program

As part of its customer loyalty initiative, SGC offers a players club program to patrons. Under the program, club members accumulate reward points based on the amounts wagered and time spent on certain slot machines. Members can redeem their points for cash. SGC records the points earned as a reduction of gaming revenue.

d) Promotional Allowances

The retail value of goods and services furnished to casino guests without charge is included in revenue and then deducted as promotional allowances. Promotional allowances also include complimentary coins given to patrons.

e) Inventory

Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined using the most recent cost.

f) Capital Assets

Capital assets are stated at cost less accumulated amortization. Assets are amortized commencing in the year in which assets are placed in service using the straight-line method over their useful lives as follows:

Building and renovations	Five to forty years
Gaming equipment	Three to five years
Computer equipment	Three to five years
Furniture and equipment	Three to five years

g) Short-term Investments

Short-term investments consist of investments in a Canadian money market fund. Short-term investments are carried at cost, which approximates market value.

h) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

The Corporation entered into forward exchange contracts during the year to manage foreign currency exposure. The loss on the forward exchange contract was taken into income in the current year. No forward exchange contracts were outstanding at the year end.

3. Capital Assets

(in 000's)

	2006			2005
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Building and renovations	$ 56,901	$ 15,510	$ 41,39[illegible]	$ 43,801
Gaming equipment	12,363	5,207	7 1	4,941
Land	5,218	---	5	5,218
Computer equipment	9,403	2,840	[illegible]	991
Furniture and equipment	5,375	2,871	2,50[illegible]	2,001
	$ 89,260	$ 26,428	$ 62,832	$ 56,952
Included in the above are the following assets under capital lease:				
Building	$ 7,277	$ 652	$ 6,625	$ 6,807
Land	990	---	990	990
Total assets under capital lease	$ 8,267	$ 652	$ 7,615	$ 7,797

4. Long-Term Debt

	(in 000's) 2006	2005
Land and Building Loan, repayable in monthly instalments of $256,715 including interest at 9.2%, due April 1, 2011	$ 12,470	$ 14,311
Building Loan, repayable in monthly instalments of $76,572 including interest at 6.48%, due December 1, 2016	7,101	7,544
Building Loan, repayable in monthly instalments of $67,790 including interest at 6.17%, due December 1, 2016	6,381	6,787
Equipment Loan, repayable in monthly instalments of $129,529 including interest at 4.527%, due March 28, 2011	6,943	---
	32,895	28,642
Less current portion	4,187	2,689
	$ 28,708	$ 25,953

The above loans are secured by assets and shares of SGC Holdings Inc. The loans may only be prepaid at a penalty cost to SGC. Principal repayments required in the next five years are as follows:

	(in 000's)
2007	$ 4,188
2008	4,498
2009	4,835
2010	5,198
2011	5,591
2012 and subsequent	8,585
	$ 32,895

The fair value of the long-term debt is approximately $34.9 million (2005 - $31.3 million). The fair value is determined by discounting the future contractual cash flows using rates currently available for debt of similar terms and maturities.

5. Capital Lease Obligation

On July 31, 2001, SGC made an agreement with a private company for the construction of Casino Moose Jaw. Beginning in September 2002, SGC leased the property from that company for 25 years at an annual cost of $900,000 for the first ten years, and $955,000 annually thereafter. At the end of the lease, SGC will acquire the property for the sum of one dollar.

The minimum lease payments under the capital lease obligation are as follows:

	(in 000's)		
	Building	Land	Total
2007	$ 792	$ 108	$ 900
2008	792	108	900
2009	792	108	900
2010	792	108	900
2011	792	108	900
2012 and subsequent	13,733	1,867	15,600
Total minimum lease payments	17,693	2,407	20,100
Amount representing interest at 10.3%	(10,621)	(1,445)	(12,066)
Balance of the obligation	7,072	962	8,034
Less current portion	(792)	(108)	(900)
	$ 6,280	$ 854	$ 7,134

The fair value of the capital lease obligation is approximately $8.9 million (2005 - $8.7 million). The fair value is determined by discounting the future contractual cash flows using rates currently available for debt of similar terms and maturities.

In addition, during the year SGC entered into a short term capital lease arrangement for equipment. At the end of the lease SGC will assume ownership of the asset. The minimum lease payments total $3,457 for 2007.

6. Commitments

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SGC entered into an agreement with the Association to fulfill previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the termination provisions of the agreement, SGC agreed to pay the Association monthly payments of $235,417 for the first year following termination of the agreement and monthly payments of $216,667 until 2027.

b) Agreement with Moose Jaw Exhibition Company Ltd. (MJEX)

On July 31, 2001, SGC entered into an agreement with MJEX regarding the maintenance of a certain level of income upon the opening of Casino Moose Jaw.

Under this agreement, SGC agreed to pay MJEX $34,583 monthly starting in 2003 and continuing until 2028.

c) Operating Lease

SGC sold certain equipment to a leasing company. SGC then made an agreement with the leasing company to lease back the equipment. The lease terms for the equipment range from 36 to 43 months. Lease and rental expense includes $1,742,812 (2005 - $2,969,688) for leasing this equipment. The minimum annual lease payments required are as follows:

	(in 000's)
2007	$ 289
Total	$ 289

7. Segmented Information

The operations of SGC's two casinos have been segmented in the table below. Corporate revenue consists of rental, interest income and GST recoveries. Corporate expenses include general head office administration expenses. These expenses have not been allocated to the casino operations because of their nature.

	(in 000's)				
	Casino Regina	Casino Moose Jaw	Corporate	2006 Total	2005 Total
Slot machine revenue	$ 66,509	$ 14,421	$ ---	$ 80,930	$ 83,012
Table games revenue	7,774	874	---	8,648	9,474
Ancillary revenue:					
Food & Beverage	6,608	704	---	7,312	6,893
Parking	1,049	110	---	1,159	1,407
Show lounge	1,343	231	---	1,574	1,451
Other	759	133	---	892	1,388
Corporate other revenue	---	---	2,191	2,191	2,172
	84,042	16,473	2,191	102,706	105,797
Less:					
Promotional allowances	4,764	937	---	5,701	5,527
Ancillary cost of goods sold	2,223	215	---	2,438	2,603
	6,987	1,152	---	8,139	8,130
Casino operating expenses	44,257	10,161	---	54,418	49,848
Corporate expenses	---	---	10,923	10,923	8,388
	44,257	10,161	10,923	65,341	58,236
Net income (loss)	$ 32,798	$ 5,160	$ (8,732)	$ 29,226	$ 39,431

8. Expenses by Object

	(in 000's) 2006	2005
Salaries and benefits	$ 26,815	$ 23,241
Marketing, communication and entertainment	8,404	6,311
Utilities, insurance, supplies and maintenance	5,656	5,463
Amortization and asset write down	5,840	4,870
Contractual obligations (Notes 6 a & 6 b)	3,015	3,015
Interest – long-term debt	2,228	2,319
Interest – capital lease obligation and other	827	835
Taxes (Note 9)	3,868	3,834
Professional services	2,233	1,746
Uniforms, recruitment and training	1,842	1,220
Lease and rental (Note 6 c)	3,139	4,231
Other operating expenses	1,474	1,151
Total expenses	$ 65,341	$ 58,236

9. Taxes

SGC is on the prescribed list of lottery corporations pursuant to Section 188 of *The Federal Excise Tax Act*. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SGC calculates and remits GST according to a formula prescribed by the Canada Revenue Agency (CRA). The formula requires SGC to pay 14% on the purchase of goods and services related to gaming activities.

In 2001-02, SGC engaged a consultant to complete a comprehensive analysis of how GST applies to gaming and non-gaming activities. Based on the allocation methodology recommended by the consultant, SGC submitted a request for GST recovery to CRA for the period September 1, 2001 to March 31, 2005. The recoveries were recorded in 2005-06 as corporate other revenue. The related consultant fees were recorded as professional services expenses.

GST and provincial sales tax on leased equipment is expensed over the term of the lease. Also included in taxes are grants in lieu of property tax.

10. Pension Plan

Substantially all of SGC's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors, using staff and facilities provided by Crown Investments Corporation of Saskatchewan. The amount required to be contributed by employees is 5.5% of salary. SGC's financial obligation is limited to making the employer's required contributions. During the year, SGC expensed $1,093,342 (2005 - $935,345) for the employer's required contributions.

11. Bank Indebtedness

SGC has established a line of credit of $2 million with a bank. The line of credit is unsecured. Interest is charged on the line of credit at the bank's prime rate.

While SGC used the line of credit during the year, at year-end, SGC did not have any amount owing on the line of credit.

12. Related Party Transactions

These consolidated financial statements include transactions with related parties. SGC is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, SGC is related to non-Crown agencies that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the agreed upon rates and are settled on normal trade terms. These transactions are as follows:

(in 000's)

Category:	2006	2005
Salaries and benefits	$ 1,648	$ 1,439
Utilities, insurance, supplies and maintenance	2,066	1,652
Restaurant - cost of sales	647	618
Other operating expenses	75	43
Accounts payable and accrued liabilities	161	149

In addition, SGC pays provincial sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SGC also collects liquor consumption tax from customers and remits to the Saskatchewan Department of Finance.

Other transactions with related parties and amounts due to/from them are described separately in the consolidated financial statements and the notes thereto.

13. Fair Value

Short-term investments, accounts receivable, accounts payable and accrued liabilities, and due to General Revenue Fund are all short-term in nature and as such their carrying value approximates their fair value. Fair value information for other financial instruments is described separately in the consolidated financial statements and the notes thereto.

14. Software Development

During the year, SGC entered into an agreement with a gaming software company to develop a software program for a prevention-based responsible gaming package. Under the agreement, SGC agreed to pay certain software development costs with both parties sharing the rights to the software equally. SGC and the gaming software company have agreed in principle to work towards jointly developing, marketing, and distributing the comprehensive responsible gaming product.

SGC incurred both research and development costs related to this project. Research costs have been included in professional services expense. Development costs have been deferred and are included as computer equipment under capital assets. These costs will be amortized over the useful life of the software upon implementation.

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